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Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BELGRADE

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E.O. 11652: N/A
TAGS: APUB, YO
SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO YUGOSLAVIA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON
THE DIRECT LOAN OF DOLS 11 MILLION TO ZELEZARNA JESENICE.
RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,
D.C. FOR A.M. PAPERS, MONDAY, FEBRUARY 7, 1974.

QUOTE: EXIMBANK SUPPORTS DOLS 24.4 MILLION SALE OF
U.S. STEEL MILL EQUIPMENT TO YUGOSLAVIA

TO HELP FINANCE A DOLS 24.4 MILLION SALE OF U.S. EQUIPMENT
AND SERVICES FOR A STEEL PLANT EXPANSION IN YUGOSLAVIA, THE
BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT LOAN OF DOLS 11 MILLION TO
FINANCE 45 PERCENT OF THE U.S. COSTS ACCORDING TO EXIMBANK'S
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VICE CHAIRMAN, WALTER C. SAUER. EXIMBANK IS PROVIDING A

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FINANCIAL GUARANTEE OF TWO LOANS TOTALLING DOLS 11 MILLION
TO FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS. OF THE
DOLS 11 MILLION, DOLS 9 MILLION WILL BE EXTENDED BY A CON-
SORTIUM LED BY PITTSBURGH NATIONAL BANK WHICH ALSO INCLUDES
THE FIRST NATIONAL BANK OF CHICAGO, HARTFORD NATIONAL BANK
AND TRUST COMPANY, EUROPEAN AMERICAN BANKING CORPORATION,
AMERICAN FLETCHER NATIONAL BANK AND TRUST COMPANY AND NATIONAL
BANK OF CLEVELAND. THE REMAINING DOLS 2 MILLION WILL BE
EXTENDED BY THE PRIVATE EXPORT FUNDING CORPORATION (PEFCO)
NEW YORK. THE BORROWER, (ZPSZ) ZELEZARNA JESENICE, WILL
MAKE CASH PAYMENT OF 10 PERCENT OF THE TOTAL U.S. COSTS
OR DOLS 2.4 MILLION. EXIMBANK IS ALSO PROVIDING A FINANCIAL
GUARANTEE OF A LOCAL COST LOAN OF DOLS 3.7 MILLION.

THE JESENICE STEEL MILL WORKS IS A LONG ESTABLISHED INTE-
GRATED YUGOSLAV STEEL WORKS LOCATED IN THE EXTREME NORTHWEST
CORNER OF THE COUNTRY, CLOSE TO THE AUSTRIAN AND ITALIAN
BORDERS. THE ENTERPRISE IS CONCENTRATING ON THE PRODUCTION
OF SPECIAL STEELS AND PLANS TO INSTALL A COLD ROLLING MILL
AND ANCILLARY EQUIPMENT TO PRODUCE STAINLESS, ELECTRICAL
(SILICON) AND MILD STEEL SHEET.

THE PRINCIPAL ITEMS TO BE PURCHASED IN THE UNITED STATES
WILL CONSIST OF A COIL BUILD-UP LINE, PICKLING LINE, A
SENDZIMIR MILL, A REVERSING COLD MILL, ANNEALING, SHEARING,
TRIMMING, SLITTING, AND GRINDING EQUIPMENT. JESENICE HAS
RETAINED ARMCO STEEL CORPORATION, MIDDLETOWN, OHIO, TO
PROVIDE PROJECT SUPERVISION FOR THE EXPANSION. WATERBURY
FARRELL, CHESHIRE, CONNECTICUT, AND PRODUCTION MACHINERY
CORPORATION, MENTOR, OHIO, WILL FURNISH EQUIPMENT AND GENERAL
ELECTRIC COMPANY WILL SUPPLY THE ELECTRICS.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS
BEGINNING NOVEMBER 5, 1977, WITH EXIMBANK'S LOAN OF DOLS 11
MILLION TO BE REPAID OUT OF THE LAST 10 INSTALLMENTS WITH
INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING
BALANCES. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY
LJUBLJANSKA BANKA AND THE NATIONAL BANK OF YUGOSLAVIA.
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